



Alabama Department of Economic And Community Affairs

DON SIEGELMAN
GOVERNOR

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DEWAYNE FREEMAN
DIRECTOR

ALABAMA CDBG INTERGOVERNMENTAL POLICY LETTER NUMBER 12(a)

TO: Persons Interested in the State
CDBG Program

FROM: Dewayne Freeman
ADECA Director

POLICY ON ALLOWABLE ADMINISTRATIVE COST

This policy applies to all new CDBG grants awarded after the date of this letter.

CDBG project administration costs, i.e., program management, advertisements, audit, and eligible pre-agreement costs, **shall not** exceed 8 percent of the total project cost or a maximum of \$50,000, whichever is less. However, any project of a complex nature which could possibly warrant additional administrative costs in excess of the maximum allowed may be approved by ADECA on a case-by-case basis if sufficiently justified. This policy supersedes the allowable "not to exceed 14 percent of the total CDBG grant" amount for administrative charges as stated throughout the FY '99 application guide and other CDBG material on hand.

Costs budgeted for work write-ups and inspections for housing rehabilitation projects should be identified as a separate budget line item, and the amount allocated for this activity must continue to be reasonable and necessary. Also, appraisals, surveys, and legal fees associated with acquisition and/or relocation are considered service delivery costs and should be included in the applicable construction line item.

Effective Date: Immediately